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60TH

ANNIVERSARY EDITION

TODAY'S LEADERS TALK ABOUT TOMORROW

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EDITOR'S DESK

WELCOME to our birthday party! The presents aren't for us but for you, wrapped in this plump package, an issue we hope you will find particularly enjoyable and useful. It's thanks to you that we have turned 60—and a pretty scrappy 60 at that, with our circulation and advertising at record highs.

To celebrate, we offer not only a new perspective on the previous six decades but also a fresh view of the one to come. We are here to tell you that the 1990s will belong to the swift, to those people who grasp the importance of the change all around us—and quickly act on it. The prospect that this may well be one of those rare turning points in human affairs emerges from the views of the 126 world leaders, thinkers, and trendsetters whom FORTUNE interviewed, starting on page 30. Speaking about the future of everything from business and investing to science, politics, and society, they present a striking forecast of dramatic change. How did we pick these extraordinary thinkers? We asked every member of the staff you see on this page, from top editor to cub reporter, to propose the best minds he or she knew of to speak on the topics of greatest import (or fascination) to our readers.

Some are familiar names. GE Chairman Jack Welch describes the fundamental changes coming in management. Jerome Kohlberg foresees equally profound shifts in the financing of corporate America. Zoologist Edward O. Wilson tells of an economic bonanza we could reap from obscure species of plant and animal life—if we don't destroy them first. Most are surprisingly upbeat. One of my own favorite quotes is from economist Lawrence Summers: "A country whose major fiscal troubles could be solved with a 50-cent-a-gallon gasoline tax doesn't have big problems compared with some other countries."

Optimism of another kind, gritty and challenging, comes from the eclectic group of teens who talk about their expectations in "How High School Kids See the 1990s." They aren't so sure that today's leaders have what it takes to change the world for the better but are determined that *they* will.

And what do FORTUNE's own people expect? After all, says senior editor Charles Burck, who spent months supervising this issue, "we have as intelligent and diverse a group of individuals as you can find anywhere in one organization." The entire editorial staff met for a full day to discuss and argue the critical issues we think face the U.S. and the world. That meeting is the basis for the essay that leads off the magazine.

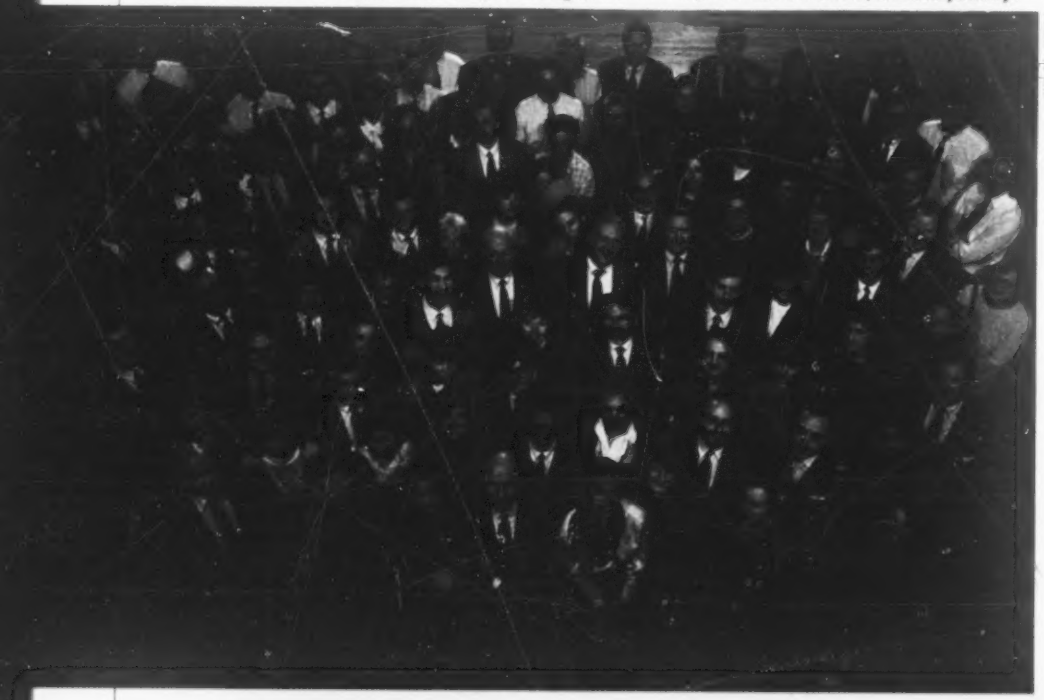
It's easy to forget how much we can learn by looking back. Columnist Dan Seligman has crafted a fast-paced review of the triumphs and pratfalls of American business from the time FORTUNE began observing it at the start of the Depression to the rise of conglomerates and the death of Communism. Executive editor Allan Demaree unearthed treasures from old articles, including the frozen-food industry's chilly reception and the glory years of Cadillac. For pure visual delight, Michele McNally and Elizabeth Krist chose images from the 1930s that defined the art of industrial photography.

So read, enjoy, and, again, happy birthday to *you*, who have made it possible for us to reach this milestone.

Marshall Loeb

MANAGING EDITOR

The FORTUNE staff converges—not easy to arrange, since some (like those at bottom) are always away.



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MARCH 26, 1990

FORTUNE

"The U.S. is going to be the dominant world power for as far ahead as I can see."

PAGE 132

ABOVE: Zbigniew Brzezinski, caught by Louis Psihoyos (Matrix) in a mirror in his office.

COVER: A metal sculpture incorporating new Intel microprocessors, constructed by Nicholas Fasciano and photographed by Roberto Brosan.

THE 60th ANNIVERSARY

AN AMERICAN VISION FOR THE 1990s 14

When FORTUNE began in 1930, America had a vision—in fact, it has had many visions over the years. Most have been realized, some beyond our wildest dreams. So what are America's aspirations now? In this article we set forth new goals and offer our best estimate of what to expect by the year 2000—in politics, in the economy, in science, and in society at large.

FORTUNE POLL

THE U.S. MOOD: EVER OPTIMISTIC 19

Emerging from the Great Depression, Americans believed that the best was yet to come. They were right—and they believe it still. *by Louis Kraar*

IDEAS FOR THE 1990s

TODAY'S LEADERS LOOK TO TOMORROW 30

Toss out your old assumptions. Rarely has a decade started with so many fresh prospects. Global revolutions are under way in managing, in politics, in technology, in communications. We are entering an era of boundless mobility and competition for business, for ideas, for people. Listed below are some of the world's most stimulating leaders and thinkers. See what they expect in their fields, delineated at right.

John F. Welch Jr., Lee Iacocca, Ross Perot, Reuben Mark, Thomas J. Watson Jr., Steve Jobs, Max DePree, Maryann Keller, Donald Ephlin, Yutaka Kume, Nobuhiko Kawamoto, John Bookout, William T. McCormick Jr., Charles Lazarus, Leslie H. Wexner, Jean-Marie Descarpentries, Gareth Chang, Leonard Greenhalgh, Edward E. Lawler III, Steven C. Wheelwright, Linda Johnson Rice, J. Bruce Llewellyn, James R. Houghton, Stephen A. Garrison, Percy Barnevik, Alfred Rappaport, Michael C. Jensen, Anthony J.F. O'Reilly, Walter Wriston, Daniel Hillis, Kazuhiko Nishi, Hiroyuki Mizuno, Alan Kay, Carver Mead, Bill Gates, John L. Clendenin, Arno Penzias, Stan Shih, Gordon Bell, T. J. Rodgers, Abraham Pais, George Heilmeier, Paul C.W. Chu, Robert Jastrow, Carl Sagan, Dixy Lee Ray, Marshall Hahn, Edward O. Wilson, Talbot Page, Frank Popoff, Arnold Relman, Leroy Hood, Robert Gallo, Solomon Snyder, Jerome Kohlberg Jr., Lewis Ranieri, Paul E. Tierney Jr., John M. Hennessy, Benjamin F. Edwards III, Merton H. Miller, Robert C. Winters, L. William Seidman, Charles S. Sanford Jr., Kuniji Miyazaki, Glen Renfrew, Sir John Templeton, Allan Meltzer, Michael J. Boskin, Manuel H. Johnson, Frank Levy, Alfred D. Chandler Jr., Barry P. Bosworth, Lester C. Thurow, Lawrence H. Summers, David T. Ellwood, Rupert Murdoch, Jason McManus, Christopher Whittle, Paul Kagan, Nicholas Negroponte, Trip Hawkins, Jay Chiat, Philip H. Geier Jr., Roger Enrico, Edgar Bronfman Jr., Allen Sheppard, David J. Stern, Zbigniew Brzezinski, Jerry Hough, Nikolai Shmelev, Jacques Delors, Sir Alan Walters, Norbert Walter, Robert Hormats, Hernando de Soto, Gurcharan Das, Victor Fung, Reiichi Yumikura, Hiroshi Kimura, Winston Lord, Kevin Phillips, William Frederick, John McClaughry, Antonia Hernandez, Jimmy Carter, Robert Bork, Shelby Steele, Betty Friedan, Felice Schwartz, Edward F. Zigler, Vartan Gregorian, Allan Bloom, Bill Clinton, Juanita Kreps, Peter J. Ferrara, Kenneth Rosen, Ron Kovic, John Waters, Charles Murray, Vincent Lane, Julian Simon, Daniel Callahan, Robert Nozick, Daniel Levinson, Michael White, O. B. Hardison Jr.

VOL. 121, NO. 7

"The winners of the Nineties will be those who can develop a culture that allows them to move faster."

PAGE 30

"Customers must be the center of your management philosophy."

PAGE 37

"There are more opportunities today for the black entrepreneur than in many years."

PAGE 52

"The opportunities and achievements in biology in the next 30 years will parallel the golden period in physics."

PAGE 92

"The general rule for marketers in the U.S. is that nobody needs anything more."

PAGE 127

"There's every sort of culture in this country. If we want to be strong, we have to be together. Or else we have nothing."

PAGE 221

MANAGING 30

The opportunities are better than ever—but so's the competition. Managers and others agree CEOs can't do it alone. Here's their advice on how to get *everybody* fighting the same fight—the first step to progress.

SCIENCE 68

The future promises an end to drug addiction, rheumatoid arthritis, and other diseases; software that does your research while you sleep; computers you can talk to and that talk back—and R&D directors who eat raw fish.

FINANCE 100

Look for fewer financial takeovers and more strategic ones, U.S. banks going international, and the largest securities market winding up in Asia. Meanwhile, stock prices may double this decade.

ECONOMICS 114

Maybe the world *can* agree on something. As competition for markets and capital gets hotter, governments are discovering that they share the same policy goals: maximum real output with the lowest inflation.

MEDIA & MARKETING 120

The mass market may be dead. Mass media are not. Communications companies are getting bigger as their public is fragmenting. How will message bearers reach them? Personalized magazines? Yes. HDTV? No way.

WORLD 132

America will remain the dominant world power, but its best bet is partnership with Japan. Gorbachev has staying power, and if Eastern Europe can give up subsidies, it will produce some tigers.

SOCIETY 144

What's on the rise? Taxes, part-time jobs, Hispanic politicians, social activism, and housing prices in the Northwest. On the skids? Republican Presidents, salaries for kids with no college degree, and materialism.

FORTUNE PORTFOLIO

GREAT PICTURES OF THE 1930s 162

FORTUNE used the camera as the interpreter of modern industrial civilization, creating a partnership of words and images and providing industrial photography with its most striking showcase. *by Andrew Kupfer*

SELLING

THE WORLD THE ADS CREATED 172

Early advertisers in FORTUNE bucked industry trends during the Depression to depict Corporate America as opulent, powerful, and sophisticated. Then a note of pomposity crept in. *by Patricia Sellers*

RETROSPECTIVE

LOOKING BACKWARD: "THE SYSTEM" WORKED 178

It was hard to defend when the deflation rate was 11.6% and everyone was broke. Sixty years later, capitalism doesn't need defenders. *by Daniel Seligman*

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Come, travel back with us, as we witness once again historic events that shook the world, cultural trends that reshaped men's minds . . . and the curious monopoly of Dy-Dee Doll.

LOOKING AHEAD

HOW HIGH SCHOOL KIDS SEE THE 1990s 221

They're intimidated by the Japanese, distrustful of leaders, critical of absentee parents. Also resoundingly pro-business—and optimistic. *by Stratford P. Sherman*

THE U.S. MOOD: EVER OPTIMISTIC

Emerging from the Great Depression, Americans believed that the best was yet to come. They were right—and they believe it still.

■ by Louis Kraar

THAT MOST AMERICAN of character traits—optimism—is as strong in this era of fierce global competition as it was when the nation was triumphing over the worst economic depression in modern times. When FORTUNE published a poll of public attitudes in 1939, the mood of the country was "sweeping confidence that for the individual the present is better than the past, that the future will be better than the present." An equally gallant faith in tomorrow emerges from a national survey of 1,000 Americans conducted this year for FORTUNE by Clark Martire & Bartolomeo Inc. The poll posed the same questions that FORTUNE asked the general public in 1939, and in many instances the results are startlingly similar.

Remarkably, the nation's buoyant attitude toward the future has endured—even strengthened—after five decades of national and international tumult. More than three out of four people still believe that American industry can create opportunities comparable to those that opened up in what the 1939 poll called the great age of expansion—the development of the West and the building of American industry in the late 1800s and early 1900s. Says Charlotte Gillis, a retired technical illustrator in Canoga Park, California: "Global competition doesn't mean that horizons are limited, but only means that many more people are looking at the opportunities. There's always something to be done, something to be improved."

The American dream of upward mobility is more widespread than ever. Almost two out of three Americans believe they have a good chance for advancement in the years ahead. Today 79% feel they are more likely to succeed than their fathers, up from 61% in the FORTUNE poll of 1939. And 66% now believe that the next generation's opportunities will be even better than theirs, compared with 61% in 1939.

Most notable in the ranks of today's optimists are American blacks, 70% of whom believe they have a good chance for advancement in the coming years, vs. 62% of the whites. (The 1939 survey included no racial breakdowns.) About 88% of blacks believe that their generation's chances for success are better than their parents' were, while 77% of whites feel that way. Moreover, blacks are confident that their opportunities will continue to expand: Some 73% of them—compared with 65% of the whites—believe the next generation will be better off than the present one.

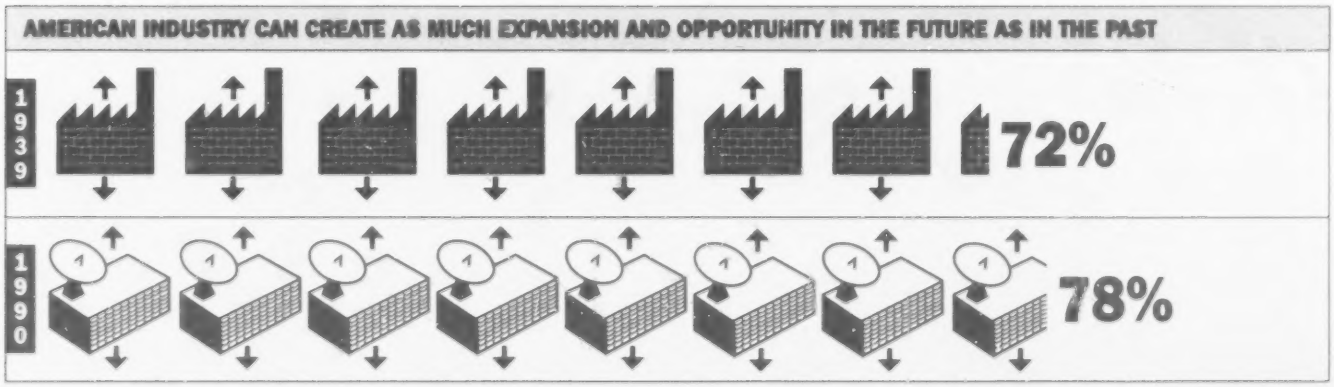
Ah, youth! People from 18 to 25 of all races and from all parts of the country turn out to be the most optimistic. Some 91% of them now believe they are likely to get ahead. In 1939 the young were also overwhelmingly the most hopeful age group: 74% expected brighter personal futures.

For all the economic advances they have already experienced or expect to gain, Americans resoundingly reject class distinctions. Today 59% of the FORTUNE sample view themselves as middle class, up slightly from 1939, when 55% did.

Beneath the present ebullience, however, is an undercurrent of dissatisfaction that was not common among Americans in the late 1930s. In that earlier era social historian Frederick Lewis Allen recorded seeing four or five street beggars during a ten-block

REPORTER ASSOCIATE *Sandra L. Kirsch*

RISING EXPECTATIONS FOR ECONOMIC EXPANSION

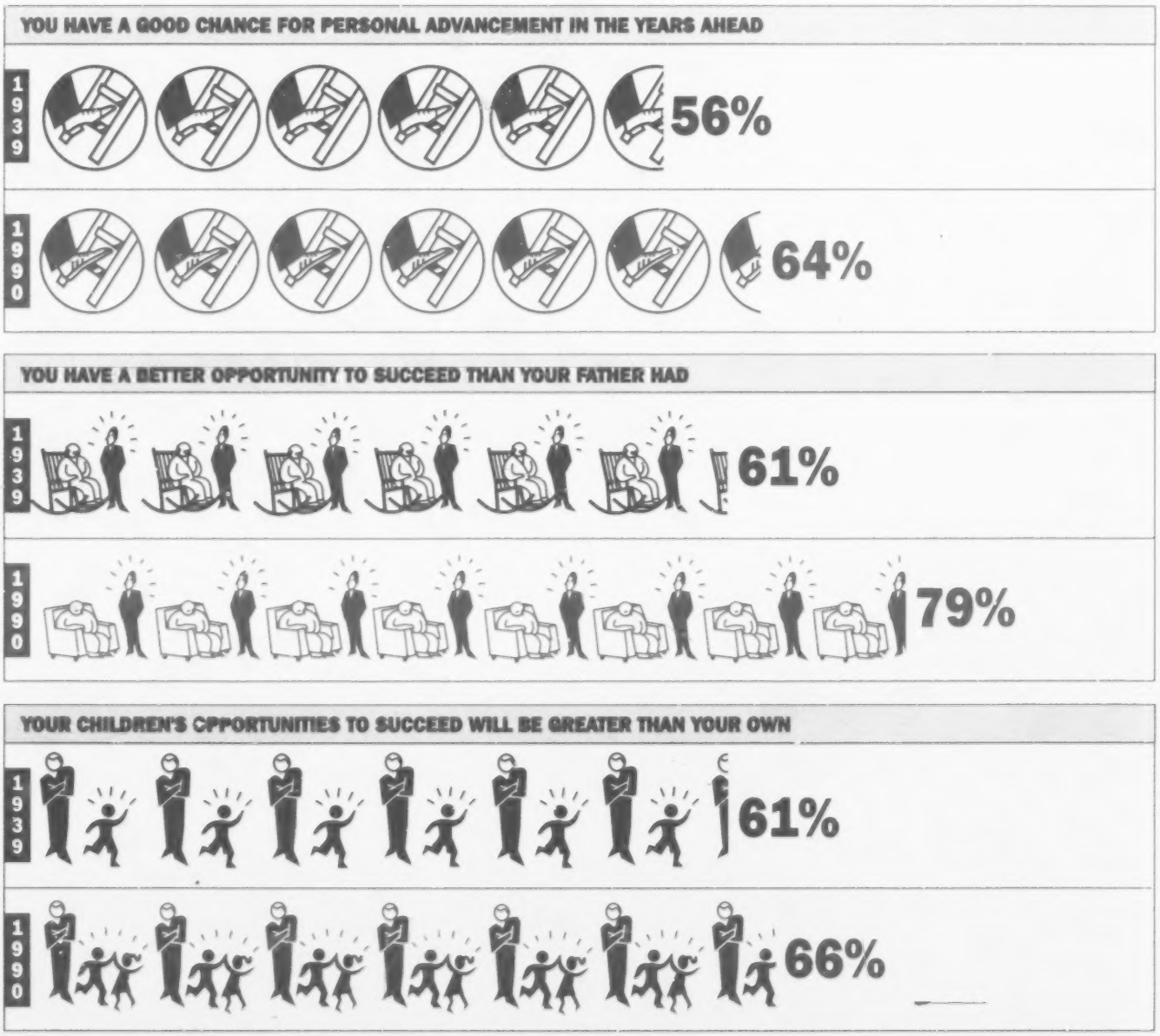


CHARTS BY NIGEL HOLMES

walk in New York City and homeless people sleeping in doorways and on park benches. The urban underclass is just as visible in these more prosperous times, perhaps more so. But people seem to be less accepting of social inequities now than they were, because along with the economic expansion of the past five decades have come higher expectations for everyone.

Optimism is an American habit, not necessarily a careful judgment of the future. As novelist Mary McCarthy has put it, "The happy ending is our national belief." Scratch some of those who expressed optimism in the latest FORTUNE survey, and their upbeat views turn out to be highly qualified. Says Marie Scalfani, who owns a telephone answering service in Ozone Park, New York: "I feel the economy can expand if we put our minds to it, if business stopped going overseas for cheaper labor. We have too many poor and homeless who need job opportunities." Ann Butler, arts administrator at Film, Video/Arts in Brooklyn, questions whether the expansion can continue: "We've grown accustomed to a certain lifestyle, which is at odds with what can really come out of our economy." Steve Rostoker, a computer programming consultant in San Diego, is also worried: "I think there are only a few frontiers left, and they are limited. You'll have to go to other planets for new markets." *continued*

HIGHER PERSONAL HOPES FOR THE FUTURE



The poll's most dramatic finding is the emergence of what FORTUNE (December 4, 1989) calls a trust gap between companies and their workers. In 1939 and in the latest survey, FORTUNE asked, Do you think the interests of employees and employers are by their very nature opposed, or are they basically the same? Only 25% believed the interests were inherently adversarial in 1939, vs. 42% today. Faith Popcorn, whose firm, BrainReserve, spots trends for corporate clients, attributes the shift of attitudes to leveraged buyouts and takeovers that often seem to enrich senior officers at the expense of the working troops. Says she: "Books like *Barbarians at the Gate* and *Liar's Poker* are giving us the inside poop, and it stinks. There are no more company men because the company has sold them out and laid them off too many times." The satirical film *Roger & Me*, which blames General Motors Chairman Roger Smith for the sagging economy of Flint, Michigan, is a sign of the times, she says: "Individuals are held responsible for corporate actions and cannot hide behind the logo."

Other forces, of course, have helped widen the gap between the managers and the managed. Coming out of the Great Depression, employees needed to have more confidence in corporate leadership than do babyboomers, who have matured during the longest peacetime expansion in U.S. history. Says Ilene Gochman, vice president of Opinion Research Corp. of Princeton, New Jersey: "Nowadays there is a better-educated work force, people are more sophisticated, and this makes them generally less trusting of everything. The craziness of leveraged buyouts and management perks feeds that skepticism."

LOVE, MONEY, AND RACE RELATIONS

PUBLIC OPINION on sex, money, and race has come a long way. Just how far can be seen in the answers to several surveys that FORTUNE conducted in 1939. Sexual relations before marriage? Wicked, said 47% of women and 28% of men—back then. Unfortunate, opined 35% of women and 52% of men. Only 10% of both sexes approved of premarital intimacy.

If two working people are in love but their individual earnings are low, should they get married and stay at their jobs, or wait until the husband can support the family? Nearly 39% of Americans thought the altar should wait. Only 54% believed that a married woman should hold a job.

Almost 24% of those polled thought there ought to be a law limiting the amount of money an individual could earn in a year. But 61% believed it was all right for some Americans to earn more than the U.S. President, who was then making $75,000.

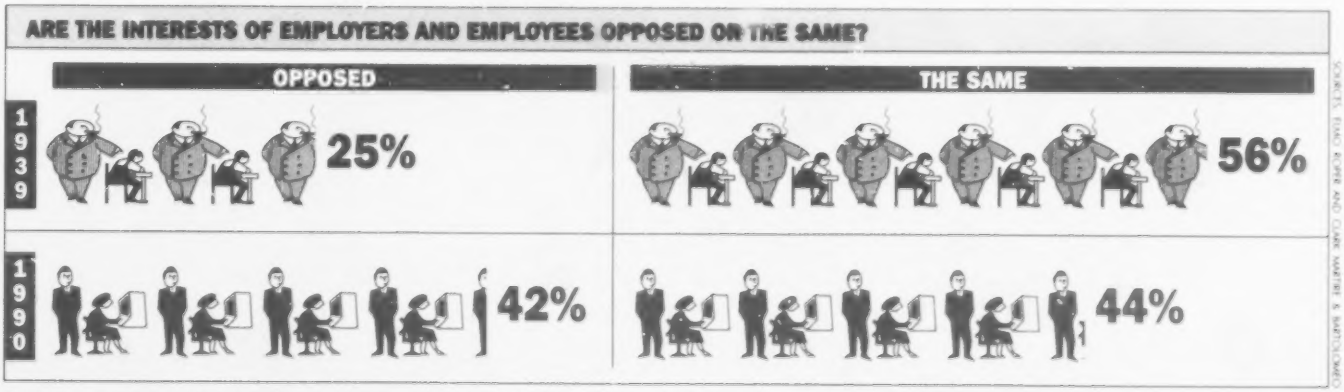
The Depression failed to dampen entrepreneurial spirit. About 50% of Americans said they would like to go into business for themselves, and most of them believed they would. In the meantime, 61% wanted a high-paying job—and would settle for a fifty-fifty chance of getting a promotion or getting a pink slip to have one.

People then had stingier ideas about basic freedoms than today. Only 49% believed that all citizens had the right to speak out on any subject at any time. Over 70% of those surveyed believed that blacks generally had lower intelligence than whites, and 41% favored laws restricting where blacks could live. Almost 30 years later the U.S. Congress passed the Civil Rights Act of 1968, which prohibited housing policies that promoted segregation.

Protectionist trade policy, while still enjoying broad support, is less popular than it used to be. In 1939, 59% of Americans polled thought that a high tariff on foreign goods made sense—it would give American products a price advantage. Only 47% believe that protectionism is a good idea today. That sentiment runs highest among the young, the less educated, and blacks.

What about taxes? Both FORTUNE surveys asked if revenues had to be raised, which would be the least painful way to do it. The first choice of 41% of the respondents in 1939 and 47% today: Hit tobacco, liquor, and luxuries harder. While only 21% of those polled in 1939 wanted to milk corporations for more money, 41% now prefer that approach. As for raising personal income taxes, 14% thought that was a good idea in 1939, when the top rate was 79%. Only 6% would like to see income tax rates increased today, when the top rate is 33%.

AMBUSHED AT THE TRUST GAP



Totals do not add up to 100%; the remaining responses were "don't know."